KATHLEEN BABINEAUX BLANCO
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
P.O. Box 94245
Baton Rouge, Louisiana 70804-9245
www.dotd.louisiana.gov
LA. Offshore Terminal Authority
225-379-1247

JOHNNY B. BRADBERRY
SECRETARY

October 7, 2005

Mr. Donald Silawsky
Office of Petroleum Reserves (FE-47)
1000 Independence Avenue
Washington, DC 20585-0301

Dear Mr. Silawsky:

Your letter of September 13, 2005, states that the U.S. Department of Energy is proposing to expand the Strategic Petroleum Reserve (SPR) to one billion barrels. I believe this is a prudent step by the Department of Energy as the United States' dependency on foreign oil continues to increase. With country's demand for petroleum products at around 20 million-barrels per day, and our domestic production hovering between five to 5.5 million barrels per day, our energy supply and our economy are at the whim of foreign governments. Increasing the strategic reserve will protect the United States against supply interruptions from foreign governments, and additionally, will help mitigate the impact of supply interruptions from storms like hurricanes Katrina and Rita.

Your letter states that two existing SPR sites located within Louisiana will be expanded and a third site remains to be selected. Of the new sites under consideration, Clovelly and Chacahoula, I believe the Clovelly site, co-located with LOOP (Louisiana Offshore Oil Port), is the logical choice.

The proposed site at Chacahoula would require a 58-mile pipeline for brine disposal to the Gulf of Mexico and a 50-mile pipeline for oil distribution to LOOP at Clovelly and/or a 21-mile pipeline to the marine facilities located at St. James, Louisiana. The pipeline route to the Gulf will be through Louisiana's marsh and wetlands. Although the State of Louisiana supports the expansion of the SPR as it will provide both security of supply to the nation and create additional jobs for the state, if the infrastructure already exists at LOOP, why would we build new pipelines through Louisiana's marsh and wetlands?

All of the infrastructure requirements to build additional storage for the SPR already exist at LOOP. I believe use of the existing LOOP infrastructure will reduce construction time, save taxpayer money, and will do less damage to Louisiana's marsh and wetlands. I also understand LOOP's distribution system is connected to nearly 50 percent of the nation's refining capacity, which would be difficult to duplicate at the other proposed locations.

The framework for oversight and coordination of regulatory and environmental issues associated with locating the proposed SPR expansion project at the Clovelly site are already in place by virtue of the Louisiana Offshore Terminal Authority (LOTA) Act. This statute created LOTA as an office within the Department of Transportation and Development and provides for a "clearing house" approach to permitting of deepwater port activities. This coordinated approach is designed to prevent duplication of effort by regulatory authorities with complementary or overlapping jurisdiction. This has significantly streamlined the federal, state and local permitting process for deepwater port construction and operations without compromising environmental standards. The same process would be used to modify and update LOOP's construction and operating permits to incorporate additional air emissions, storage wells, etc. However, a permit modification would not require the extensive procedures associated with permitting a new facility.

An environmental monitoring program under the direction of LOTA is in place to determine any impacts associated with the construction and operation of the deepwater port. Extensive baseline, construction and post construction data has been gathered and analyzed to capture and quantify such impacts. The results of this program have shown that there were no long-term adverse impacts associated with the construction or operation of the LOOP facility. A major component of this monitoring program included studies on the effects of discharging large volumes of brine to the Gulf of Mexico over an extended period of time. These studies indicated no long term harmful effects on the fisheries in the area of the brine discharge.

Another important consideration relative to the Clovelly site is that an extensive Environmental Impact Statement (EIS) was prepared prior to construction of this facility which thoroughly addressed all potential impacts of the construction, operation and potential expansion of the complex. The leaching of additional storage caverns at Clovelly should only require an update of that EIS. The data collected in the extensive environmental monitoring program discussed above will provide pertinent information in updating the EIS. With significant data in place to facilitate that update, the NEPA process should be significantly expedited.

The Clovelly site has an extensive security and emergency response capability in place. As a facility subject to the Maritime Transportation Security Act, detailed procedures are in place to insure facility and operational security. A surveillance system, monitored on a 24-hour basis by trained security personnel is in place throughout the complex. LOOP maintains a close relationship with local, state and federal intelligence and enforcement personnel who are positioned to assist in the event of a threatened or actual security or other emergency situation. LOOP conducts routine emergency response training on a regular basis with its Emergency Response Team and numerous federal, state and local agencies to insure the safety and security of this facility.

Based upon the information you provided, I endorse, and the great state of Louisiana supports, an expansion of the strategic reserve facilities at the existing Louisiana sites and at Clovelly co-located with LOOP.

Sincerely,

Johnny Bradberry, Secretary
Louisiana Department of Transportation and Development
P.O. Box 942545
Baton Rouge, Louisiana 70804-9245